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11 September 1959

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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I. THE COMMUNIST BLOC

Khrushchev visit: Recent Soviet moves apparently designed to dissociate the USSR from events in Laos and the Sino-Indian border dispute suggest that Moscow is concerned that these incidents may damage Soviet efforts to create a favorable climate for Khrushchev's visit.

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In a move to soft-pedal the Sino-Indian dispute, Moscow issued a TASS statement on 9 September which, in a unique departure from Soviet practice in a dispute between a Communist and a non-Communist country, avoided an endorsement of the Chinese Communist position and refrained from assigning blame to either party, stressing the USSR's friendly relations with both. Even so, Moscow felt bound to include a standard condemnation of alleged efforts by "Western circles," especially in the United States, to exploit the dispute as a means of obstructing a relaxation of tension on the eve of Khrushchev's

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II. ASIA-AFRICA

No Laos: Government sources report continuing scattered Communist attacks in northern Laos, particularly in Phong Saly

Province, and limited harassing actions against government posts in central Laos. [redacted]

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*Meanwhile, rumors reported by the French Press Agency that the Laotian Government and the Pathet Lao rebels may soon begin negotiations lack confirmation. In the unlikely event that the Phoui government would consider such talks, it seems probable that the army would not sanction the move and would even seize control of the government to prevent any reconciliation with the Pathet Lao. [redacted]

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DK Indonesia: A government crisis may be developing in Indonesia over the issue of corruption in army headquarters. General Nasution, who is concurrently chief of staff and defense minister, (has opposed efforts by the attorney general to reinvestigate trade irregularities involving the army intelligence chief, and) has now placed the attorney general under house arrest. The Communist party, which is eager to discredit army leadership, successfully pressed the corruption issue last January and can be expected to exploit the issue again. [redacted]

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[redacted] (Page 3)

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III. THE WEST

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N Guatemala: Rightist political groups are showing increased determination in their continuing plotting against the Ydigoras regime, and at least one key army officer--the undersecretary of defense--is waiting for the strategic moment to attempt a coup. The American ambassador feels there may be "a showdown of some sort in the offing." [redacted]

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[redacted] (Page 4)

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N Bolivia: A top official of the ruling party states that moderate President Siles is determined to resign if the Senate carries out a planned interpellation designed to censure a member of his cabinet. Although Siles has threatened similar action in the past, the US Embassy in La Paz believes that he may be serious in the present instance and that his actual retirement

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would be a victory for the increasingly powerful left-wing element in the party which has consistently attacked the US-backed stabilization effort and has called for closer relations with the Soviet bloc. [redacted]

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IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Probable Soviet Position on Nuclear Weapons Testing.
SNIE 11-9-59. 8 Sept 59. [redacted]

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I. THE COMMUNIST BLOC

Soviet Concern Over Effect of Asian Communist Actions
On Khrushchev Visit

Recent Soviet moves designed to create the appearance of dissociating the USSR from events in Laos and from the Sino-Indian border dispute suggest that Moscow is concerned that these incidents may jeopardize Soviet efforts to create a favorable climate for Khrushchev's visit. [Soviet Ambassador Malik, in a talk with the British minister of state for foreign affairs, on 7 September, remarked that the Laos situation is not only dangerous but also "very untimely just when the program of high-level visits is taking place and we are all looking forward to a summit meeting."]

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In a move to soft-pedal the Sino-Indian dispute, Moscow issued a TASS statement on 9 September which, in a unique departure from Soviet practice in a dispute between a Communist and a non-Communist country, refrained from assigning blame to either party and avoided an automatic endorsement of the Chinese Communist position. The statement stressed the USSR's friendly relations with both countries and said "Soviet leading quarters" are confident that Peiping and New Delhi will reach a peaceful settlement based on mutual interests and "traditional friendship."

As part of the effort to play down the importance of the dispute, TASS added a routine condemnation of alleged attempts by "Western circles," especially in the United States, to exploit the situation as a means of obstructing a relaxation of tension on the eve of Khrushchev's visit.

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II. ASIA-AFRICA

Indonesian Government Crisis May Be Developing

An intragovernment conflict which has developed in Indonesia over the issue of corruption in army headquarters may provoke a serious crisis. General Nasution, concurrently chief of staff and defense minister, has opposed efforts by the attorney general, Gatot Tarunamihardja, to reinvestigate trade irregularities involving army intelligence chief Lt. Col. Sukendro. These irregularities were aired last January, and Sukendro and two other colonels were transferred or suspended. Sukendro has recently resumed his former post, and Nasution--who presumably regards the case as closed--on 9 September reportedly placed the attorney general under house arrest on the charge of false accusation.

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(The attorney general claims President Sukarno ordered him in late August to eradicate corruption. He also claims that first minister Djuanda agrees Sukendro should be dismissed. A deputy army chief of staff, however, claims Sukarno has taken no position on specific cases and has left the Sukendro matter up to Nasution and the attorney general.)

The Communist party, which is eager to discredit army leadership, urged prosecution of real or alleged army corruption cases last December and January, and can be expected to exploit the issue again. The extent to which the situation develops, or the army loses prestige, will depend largely on Sukarno and his willingness to support Nasution.

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III. THE WEST

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Showdown With Rightist Plotters May Be Near in Guatemala

(Rightist political groups in Guatemala, encouraged by rising public discontent over lack of significant achievement by President Ydigoras and fearful of growing leftist political strength, are showing increased determination in their plotting against the regime. Plotting is centered in the Nationalist Democratic Movement (MDN), political machine of the late President Castillo Armas, which is probably chiefly responsible for the rash of nuisance bombings that have disturbed the capital in recent weeks. The government's inability to bring an end to the bombings, despite extraordinary police methods, has further weakened government prestige and may be used by ambitious elements in the military to justify a coup.)

(Col. Francisco Ardon, influential under secretary of defense, is known to be involved in the plotting and to be waiting for the strategic moment for an attempt to replace Ydigoras with an interim military junta. The minister of defense, Col. Ruben Gonzalez Sigui, informed the American Embassy on 8 September that he knows of certain officers who would support a coup and added, in a comment suggesting that he himself might not oppose such action, that he thought he had reasonably good prospects for an influential post after a coup. The actions of the two commanders of army garrisons in the capital area, who are not known to be disloyal to the President, are likely to be decisive in any attempted coup, however.)

(Ambassador Mallory doubts that Ydigoras will wait much longer before forcing a showdown with the plotters, though presidential aides urging him to take such action admit that the President is reluctant to take a strong stand. A government offensive might well be directed not only against the MDN, but also against the rapidly growing leftist non-Communist Revolutionary party, which stands to sweep the November congressional elections if present trends continue) 25X1

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Bolivian President Reportedly Threatens to Resign

According to a top official of the ruling Nationalist Revolutionary Movement (MNR), moderate Bolivian President Siles is determined to resign if the Senate carries out a planned interpellation designed to censure one of his cabinet ministers. Such a move would probably be a resounding victory for the long-divided MNR's left-wing element, which has consistently attacked the US-backed stabilization effort, and could endanger the continuance of the program. The leftists appear to have made substantial political gains recently at Siles' expense, and are calling for closer relations with the Soviet bloc and attacking the petroleum code, which is favorable to foreign capital. Their recent pressures on the government to attain these objectives carry strong anti-US overtones and reinforce Communist propaganda campaigns against Siles' policies.)

(Although Siles--a stanch defender of stabilization measures--has threatened to resign on previous occasions, the US Embassy in La Paz believes that he may be serious in the present instance and that he may no longer be able to mobilize mass support for his continuance in office. Moreover, popular former President Paz, chief of the MNR, who tends to favor the leftist faction of the party, may view Siles' withdrawal as the removal of any obstacle to his re-election to the presidency in 1960.)

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The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

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Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

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